



**INFO LINE OF SAN DIEGO COUNTY
DBA 2-1-1 SAN DIEGO**

Financial Statements and Supplemental Information

Years Ended June 30, 2015 and 2014



INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Financial Statements and Supplemental Information
Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
INFO LINE of San Diego County dba 2-1-1 San Diego

Report on the Financial Statements

We have audited the accompanying financial statements of INFO LINE of San Diego County dba 2-1-1 San Diego (a nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INFO LINE of San Diego dba 2-1-1 San Diego as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of INFO LINE of San Diego dba 2-1-1 San Diego's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering INFO LINE of San Diego dba 2-1-1 San Diego's internal control over financial reporting and compliance.

AKT LLP

San Diego, California
December 15, 2015

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statements of Financial Position**

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash	\$ 2,616,379	\$ 3,003,548
Accounts receivable	1,066,017	740,507
Food Stamp program receivable	27,359	202,285
Promises to give	230,000	20,000
Prepaid expenses	<u>74,508</u>	<u>28,058</u>
Total Current Assets	4,014,263	3,994,398
Non-current Assets:		
Property and equipment, net of accumulated depreciation	164,998	309,416
Deposits and other assets	<u>78,658</u>	<u>27,445</u>
Total Assets	<u>\$ 4,257,919</u>	<u>\$ 4,331,259</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 106,559	\$ 171,955
Food Stamp program payable	27,359	212,890
Accrued expenses	388,951	324,457
Deferred revenue	2,109	7,717
Current portion deferred rent	<u>26,386</u>	<u>36,281</u>
Total Current Liabilities	551,364	753,300
Long-term Liabilities - deferred rent, net of current portion	<u>-</u>	<u>29,684</u>
Total Liabilities	551,364	782,984
Net Assets:		
Unrestricted	3,664,036	3,109,922
Temporarily restricted	<u>42,519</u>	<u>438,353</u>
Total Net Assets	<u>3,706,555</u>	<u>3,548,275</u>
Total Liabilities and Net Assets	<u>\$ 4,257,919</u>	<u>\$ 4,331,259</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Activities**

Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 8,126,856	\$ -	\$ 8,126,856
Contributions	526,645	35,930	562,575
Special event, net of expenses of \$141,825	123,695	-	123,695
Fee for service	68,536	-	68,536
In-kind donations	2,675	-	2,675
Miscellaneous	4,966	-	4,966
Net assets released from restrictions, satisfaction of program restrictions	<u>431,764</u>	<u>(431,764)</u>	<u>-</u>
Total Support and Revenue	9,285,137	(395,834)	8,889,303
Program and Supporting Expenses:			
Program services	7,429,682	-	7,429,682
Supporting services:			
General and administrative	993,586	-	993,586
Fundraising	<u>307,755</u>	<u>-</u>	<u>307,755</u>
Total Program and Supporting Expenses	<u>8,731,023</u>	<u>-</u>	<u>8,731,023</u>
Increase (Decrease) in Net Assets	554,114	(395,834)	158,280
Net Assets, beginning	<u>3,109,922</u>	<u>438,353</u>	<u>3,548,275</u>
Net Assets, ending	<u>\$ 3,664,036</u>	<u>\$ 42,519</u>	<u>\$ 3,706,555</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Activities**

Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:			
Grants and contracts	\$ 8,642,687	\$ -	\$ 8,642,687
Contributions	1,099,119	312,894	1,412,013
Special event, net of expenses of \$135,331	212,135	-	212,135
Fee for service	82,929	-	82,929
In-kind donations	15,436	-	15,436
Miscellaneous	8,013	-	8,013
Net assets released from restrictions, satisfaction of program restrictions	<u>163,118</u>	<u>(163,118)</u>	<u>-</u>
Total Support and Revenue	10,223,437	149,776	10,373,213
Program and Supporting Expenses:			
Program services	8,109,458	-	8,109,458
Supporting services:			
General and administrative	814,451	-	814,451
Fundraising	<u>338,644</u>	<u>-</u>	<u>338,644</u>
Total Program and Supporting Expenses	<u>9,262,553</u>	<u>-</u>	<u>9,262,553</u>
Increase in Net Assets	960,884	149,776	1,110,660
Net Assets, beginning	<u>2,149,038</u>	<u>288,577</u>	<u>2,437,615</u>
Net Assets, ending	<u>\$ 3,109,922</u>	<u>\$ 438,353</u>	<u>\$ 3,548,275</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Functional Expenses**

Year Ended June 30, 2015

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 4,943,615	\$ 840,831	\$ 88,396	\$ 5,872,842
Subcontractor payments	1,052,567	-	-	1,052,567
Consultants	359,796	101,986	186,080	647,862
Telephone	329,001	2,062	373	331,436
Occupancy	178,190	7,699	1,778	187,667
Depreciation	143,978	6,780	1,566	152,324
Travel	85,240	5,362	2,333	92,935
Dues, licenses and permits	80,334	1,231	4,038	85,603
Minor equipment and maintenance	65,664	975	225	66,864
Staff development	34,411	3,282	-	37,693
Relocation consulting	34,183	1,668	385	36,236
Office supplies	26,239	900	1,202	28,341
Insurance	27,086	707	163	27,956
Employee and volunteer recognition	21,159	647	5,332	27,138
Food and catering	13,846	5,175	2,498	21,519
Postage	19,283	2,044	75	21,402
Advertising	8,750	-	7,000	15,750
Outreach and education	2,606	-	5,965	8,571
Bank fees	75	6,116	346	6,537
Printing and duplicating	3,659	1,719	-	5,378
Loss on disposal of property and equipment	-	4,402	-	4,402
Total Program and Supporting Expenses	<u>7,429,682</u>	<u>993,586</u>	<u>307,755</u>	<u>8,731,023</u>
Special events	-	-	141,825	141,825
Total Expenses	<u>\$ 7,429,682</u>	<u>\$ 993,586</u>	<u>\$ 449,580</u>	<u>\$ 8,872,848</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statement of Functional Expenses**

Year Ended June 30, 2014

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 4,347,351	\$ 538,541	\$ 244,511	\$ 5,130,403
Subcontractor payments	2,525,031	-	-	2,525,031
Consultants	202,283	217,305	57,937	477,525
Telephone	265,444	5,105	360	270,909
Depreciation	195,079	9,259	4,743	209,081
Occupancy	176,779	6,738	3,451	186,968
Minor equipment and maintenance	101,172	2,105	1,078	104,355
Travel	74,384	8,748	7,060	90,192
Dues, licenses and permits	34,360	9,423	12,518	56,301
Staff development	43,223	4,222	-	47,445
Office supplies	39,117	1,275	1,325	41,717
Employee and volunteer recognition	26,923	651	2,499	30,073
Insurance	24,671	-	-	24,671
Postage	17,375	2,601	254	20,230
Food and catering	12,796	4,355	2,627	19,778
Outreach and education	12,010	-	-	12,010
Printing and duplicating	6,361	1,356	225	7,942
Bank fees	141	2,696	56	2,893
Advertising	2,893	-	-	2,893
Bad debt	1,441	-	-	1,441
Miscellaneous	624	71	-	695
Total Program and Supporting Expenses	<u>8,109,458</u>	<u>814,451</u>	<u>338,644</u>	<u>9,262,553</u>
Special events	-	-	135,331	135,331
Total Expenses	<u>\$ 8,109,458</u>	<u>\$ 814,451</u>	<u>\$ 473,975</u>	<u>\$ 9,397,884</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO**Statements of Cash Flows**

Years Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 158,280	\$ 1,110,660
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	152,324	209,081
Loss on disposal of property and equipment	4,402	-
Changes in operating assets and liabilities:		
Accounts receivable	(325,510)	322,073
Food Stamp program receivable	174,926	56,420
Promises to give	(210,000)	(16,716)
Prepaid expenses	(46,450)	(3,238)
Deposits and other assets	(51,213)	(8,315)
Accounts payable	(65,396)	101,357
Food Stamp program payable	(185,531)	(45,815)
Accrued expenses	64,494	21,865
Deferred revenue	(5,608)	7,717
Deferred rent	(39,579)	(39,579)
	<u>(374,861)</u>	<u>1,715,510</u>
Net Cash Provided (Used) by Operating Activities		
	(374,861)	1,715,510
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	(12,308)	(11,982)
	<u>(12,308)</u>	<u>(11,982)</u>
Net Increase (Decrease) in Cash	(387,169)	1,703,528
Cash, beginning	<u>3,003,548</u>	<u>1,300,020</u>
Cash, ending	<u>\$ 2,616,379</u>	<u>\$ 3,003,548</u>

See accompanying notes to financial statements.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Serving the entire population of its region, INFO LINE of San Diego County dba 2-1-1 San Diego (Organization) is a California nonprofit organization formed in 2003 that connects people with community, health and disaster services through a free, 24/7 stigma-free phone service and searchable online database. The Organization's mission is to help people by connecting them efficiently to the service delivery system, and by providing vital trend information for community planning. The Organization's support and revenue comes primarily from contracts and grants.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no permanently restricted net assets during the years ended June 30, 2015 and 2014.

Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. No allowance was considered necessary at June 30, 2015 and 2014 because management believes all amounts are collectible.

Promises to Give

Unconditional written pledges to the Organization are recorded as promises to give and revenue in the year promised at the present value of expected cash flows. Conditional pledges, including intentions to pledge, are recognized as revenue when the conditions are met. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. No allowance was considered necessary at June 30, 2015 and 2014 because management believes all amounts are collectible. No discount was imputed because management determined the amounts to be insignificant.

Property and Equipment

Acquisitions of property and equipment of \$5,000 or more are capitalized. Property and equipment are recorded at cost, or if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to ten years.

Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as unrestricted support in that period.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Grants and other revenues which are considered contracts for services, are not recorded as restricted contributions. Prepaid grants are recorded as deferred revenue.

Contributed Materials and Services

Contributed goods are recorded at their estimated fair market value at the time of donation. Such items are capitalized or charged to operations as appropriate. The fair market value of contributed professional services is reported as support and expense in the period in which the services are performed.

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the financial statements because the criteria for recognition as contributions of such volunteer effort have not been satisfied.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization may be subject to tax on income which is not related to its exempt purpose. For the years ended June 30, 2015 and 2014, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The Organization follows the provisions of uncertain tax positions as addressed in FASB Accounting Standards Codification. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the years ended June 30, 2015 and 2014.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through December 15, 2015 which is the date the financial statements were available to be issued.

Note 2 – Concentrations of Credit Risk

Cash

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At June 30, 2015, the Organization had \$2,425,918 that was exposed to uninsured deposit risk.

Customers

During the year ended June 30, 2015 the Organization received funding of \$4,737,348 (53%) from two sources and during the year ended June 30, 2014 the Organization received funding of \$6,832,061 (65%) from two sources. At June 30, 2015 and 2014, amounts due from these funding sources included in accounts receivable and Food Stamp program receivable were \$1,016,215 (93%) and \$787,720 (84%), respectively.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 3 – Property and Equipment

Property and equipment consist of the following:

	2015	2014
Computers	\$ 216,377	\$ 190,057
Leasehold improvements	400,656	400,656
Furniture and equipment	186,652	186,652
Generator	120,536	120,536
Website upgrade	86,890	86,890
Telecommunications system	54,295	54,295
Vehicle	-	10,566
	<u>1,065,406</u>	<u>1,049,652</u>
Less accumulated depreciation	<u>(900,408)</u>	<u>(740,236)</u>
	<u>\$ 164,998</u>	<u>\$ 309,416</u>

Note 4 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
Purpose and Time Restrictions:		
Breast cancer education for African Americans	\$ 32,857	\$ -
Generator costs	6,589	7,992
Health navigation	3,073	-
Community Information Exchange	-	282,997
One-e-app	-	97,364
Veterans-Military	-	25,000
Time Restrictions:		
Promises to give	-	25,000
	<u>\$ 42,519</u>	<u>\$ 438,353</u>

Note 5 – Line of Credit

The Organization had a \$750,000 unsecured line of credit with Union Bank, N.A. at a variable rate of interest equal to the Wall Street Journal West Coast Edition prime rate plus 3.25% (5.25% at June 30, 2015). The line matured on June 30, 2015. No amounts were drawn on the line of credit during the years ended June 30, 2015 and 2014. As of June 30, 2015 2-1-1 was working on a renewal of the line of credit with Union Bank.

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2015 and 2014

Note 6 – Commitments

The Organization leases facilities in San Diego for office space. The lease term is from January 1, 2011 to March 31, 2016. The current lease provides for a security deposit of \$19,130 and a monthly lease payment in the first month of \$17,019 followed by six discounted payments of \$8,246. Future payments return to the first month's amount and increase from 2.8% to 3.2% annually. The payments are being amortized over the life of the leases on a straight-line basis. The Organization also contracted with service providers for telephone services and support. The contract terms expire on various dates through 2017 with minimum monthly lease payments totaling \$18,197.

The Organization has signed a new lease in San Diego for office space. The lease term is from September 1, 2015 to November 30, 2025. The new lease provides for a security deposit of \$52,428 and a monthly lease payment in the first month of \$43,133 followed by two months of rent abatement, and a third month of rent abatement occurring on the thirteenth month of the lease. Future payments return to the first month's amount and increase biannually by 5%. The three months of rent abatement are being amortized over the life of the lease on a straight-line basis.

Rent expense for the years ended June 30, 2015 and 2014 was \$452,236 and \$402,389, respectively.

Minimum future lease payments at June 30, 2015 are due as follows:

Year Ending <u>June 30.</u>		
2016	\$	523,843
2017		532,782
2018		514,506
2019		520,643
2020		541,685
Thereafter		<u>3,301,001</u>
	\$	<u><u>5,934,460</u></u>

Note 7 – Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 8 –Contingencies

The Organization may periodically be a party in litigation cases incidental to its business activities. While any litigation or investigation has an element of uncertainty, management believes that the outcome of any of these matters will not have a materially adverse effect on its financial position, results of operations or liquidity.

Note 9 – Reclassification

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

SUPPLEMENTAL INFORMATION



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
INFO LINE of San Diego County dba 2-1-1 San Diego

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issues by the Comptroller General of the United States, the financial statements of INFO LINE of San Diego County dba 2-1-1 San Diego (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INFO LINE of San Diego County dba 2-1-1 San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether INFO LINE of San Diego County dba 2-1-1 San Diego's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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AKT LLP

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AKT LLP

San Diego, California
December 15, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
INFO LINE of San Diego County dba 2-1-1 San Diego

Report on Compliance for Each Major Federal Program

We have audited INFO LINE of San Diego County dba 2-1-1 San Diego's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of INFO LINE of San Diego County dba 2-1-1 San Diego's major federal programs for the year ended June 30, 2015. INFO LINE of San Diego County dba 2-1-1 San Diego's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for INFO LINE of San Diego County dba 2-1-1 San Diego's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about INFO LINE of San Diego County dba 2-1-1 San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of INFO LINE of San Diego County dba 2-1-1 San Diego's compliance.

Opinion on Each Major Federal Program

In our opinion, INFO LINE of San Diego County dba 2-1-1 San Diego complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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AKT LLP

Report on Internal Control over Compliance

Management of INFO LINE of San Diego County dba 2-1-1 San Diego is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of INFO LINE of San Diego County dba 2-1-1 San Diego's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

AKT LLP

San Diego, California
December 15, 2015

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<u>Federal/Pass-Through Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor No.</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-through County of San Diego:			
Medical Assistance Program	93.778	08-85128	\$ 75,757
Covered California	93.525	12-E9113	162,312
<u>U.S. Department of Agriculture</u>			
Pass-through California Department of Public Health:			
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	10.561	14-3036 and 12-3058	2,643,105
<u>Department of Transportation</u>			
Pass-through County of San Diego:			
Veterans Transportation and Community Living Initiative	20.500	5001939	<u>165,596</u>
			<u>\$ 3,046,770</u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of INFO LINE of San Diego County dba 2-1-1 San Diego and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 – Amounts Provided to Sub-recipients

The following amounts were provided to sub-recipients, other 211 organizations in California, from the CalFresh and Covered California Programs during the year ended June 30, 2015:

	CalFresh		Covered CA		Total
	<u> </u>		<u> </u>		<u> </u>
211 Alameda County	\$ 2,301	\$	-	\$	2,301
211 Butte	905		-		905
211 Contra Costa	775		-		775
211 Fresno	39,329		-		39,329
211 Kern County	30,467		-		30,467
211 Kings County	1,505		-		1,505
211 Los Angeles	109,160		55,687		164,847
211 Monterey	8,330		-		8,330
211 Nevada-Sierra Regional HSS	1,730		-		1,730
211 Orange County.	190,988		-		190,988
211 Riverside County-Community Connect	55,048		30,851		85,899
211 Sacramento	22,885		-		22,885
211 San Bernardino	98,992		-		98,992
211 San Francisco	18,505		-		18,505
211 Santa Clara County	18,615		-		18,615
211 Shasta/United Way of Northern CA	775		-		775
211 Sonoma County	3,065		-		3,065
211 Stanislaus	4,789		-		4,789
211 Tulare County	7,070		-		7,070
211 United Way of the Wine Country	8,149		-		8,149
211 Ventura County	10,900		-		10,900
San Diegans Healthcare Coverage	-		55,050		55,050
	<u> </u>		<u> </u>		<u> </u>
	\$ 634,283	\$	141,588	\$	775,871
	<u> </u>		<u> </u>		<u> </u>

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Schedule of Findings and Questioned Costs
 Year Ended June 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:
 Significant deficiency(ies) identified? yes none identified
 Material weakness(es) identified? yes no

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Significant deficiency(ies) identified? yes none identified
 Material weakness(es) identified? yes no

Type of auditors’ report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? yes no

Section II – Financial Statement Findings

None

Section III – Federal Award Finding and Questioned Costs

None

INFO LINE OF SAN DIEGO COUNTY DBA 2-1-1 SAN DIEGO
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2015

Section II – Financial Statement Findings

None

Section III – Federal Award Finding and Questioned Costs

None